

AMENDED IN SENATE JUNE 23, 1998

AMENDED IN SENATE JUNE 26, 1997

AMENDED IN ASSEMBLY APRIL 28, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1453**

**Introduced by Assembly Member Cardenas**

February 28, 1997

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An act to amend Section 8880.4 of the Government Code, relating to the state lottery.

LEGISLATIVE COUNSEL'S DIGEST

AB 1453, as amended, Cardenas. California State Lottery.

(1) The California State Lottery Act of 1984 specifies that of the total annual revenues from the sale of state lottery tickets or shares, 50% shall be returned to the public in the form of prizes, as specified, at least 34% shall be allocated to the benefit of public education, as specified, and no more than 16% shall be allocated for the payment of expenses of the lottery as described in the lottery act.

~~This bill would reduce the allocation for payment of expenses of the lottery to no more than 15% of total annual revenues.~~

~~The bill also would specify that an additional one percent of the total annual revenues shall be allocated to the benefit of public education for the purchase of new books and materials for classrooms statewide for kindergarten and grades 1 to 12, inclusive.~~

*This bill would require that for the 1998–99 fiscal year and each fiscal year thereafter any increase in the share of these moneys calculated to the benefit of public education from the amount calculated in the 1997–98 fiscal year be allocated to school districts and community college districts for the purchase of instructional materials on the basis of an equal amount per unit of average daily attendance.*

~~(2) An initiative measure, the act provides that none of its provisions may be changed except to further its purpose by a bill passed by a  $\frac{2}{3}$  vote of each house of the Legislature and signed by the Governor.~~

~~This bill, in conformance with those requirements, would declare that its provisions further the purpose of the act and would require a  $\frac{2}{3}$  vote. The bill would provide that the changes to the lottery act specified in (1), would take effect only when submitted to and approved by the voters. The bill would require that its provisions be submitted to the electors at the next statewide election occurring 131 days after this act is adopted.~~

Vote:  $\frac{2}{3}$  majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 8880.4 of the Government Code  
2 is amended to read:

3 8880.4. Revenues of the state lottery shall be allocated  
4 as follows:

5 (a) Not less than ~~85~~ 84 percent of the total annual  
6 revenues from the sale of state lottery tickets or shares  
7 shall be returned to the public in the form of prizes and  
8 net revenues to benefit public education.

9 (1) Fifty percent of the total annual revenues shall be  
10 returned to the public in the form of prizes as described  
11 in this chapter.

12 (2) At least ~~35~~ 34 percent of the total annual revenues  
13 shall be allocated to the benefit of public education, as  
14 specified in Section 8880.5. ~~Of this 35 percent, 1 percent~~  
15 ~~shall be allocated for the purchase of new books and~~  
16 ~~materials for classrooms statewide for kindergarten and~~

~~grades 1 to 12, inclusive. However, for the 1998–99 fiscal year and each fiscal year thereafter, any increase in the amount calculated pursuant to this paragraph from the amount calculated in the 1997–98 fiscal year shall be allocated to school districts and community college districts for the purchase of instructional materials, on the basis of an equal amount per unit of average daily attendance, as defined by law, and through a fair and equitable distribution system across grade levels.~~

(3) All unclaimed prize money shall revert to the benefit of public education, as provided for in subdivision (e) of Section 8880.32.

(4) All of the interest earned upon funds held in the State Lottery Fund shall be allocated to the benefit of public education, as specified in Section 8880.5. This interest is in addition to, and shall not be considered as any part of, the ~~35~~ 34 percent of the total annual revenues that is required to be allocated for the benefit of public education as specified in paragraph (2).

(5) No more than ~~45~~ 16 percent of the total annual revenues shall be allocated for payment of expenses of the lottery as described in this chapter. ~~The 1 percent reduction in this allocation from 16 percent to 15 percent made by the act that amended this section during the 1997–98 Regular Session shall not result in a decrease in expenditures for advertising or retail commissions. To~~ To the extent that expenses of the lottery are less than 15 percent of the total annual revenues, any surplus funds also shall be allocated to the benefit of public education, as specified in this section or in Section 8880.5.

(b) Funds allocated for the benefit of public education pursuant to subdivision (a) are in addition to other funds appropriated or required under existing constitutional reservations for educational purposes. No program shall have the amount appropriated to support that program reduced as a result of funds allocated pursuant to subdivision (a). Funds allocated for the benefit of public education pursuant to subdivision (a) shall not supplant funds committed for child development programs.

1 (c) None of the following shall be considered revenues  
2 for the purposes of this section:

3 (1) Revenues recorded as a result of a nonmonetary  
4 exchange. “Nonmonetary exchange” means a reciprocal  
5 transfer, in compliance with generally accepted  
6 accounting principles, between the lottery and another  
7 entity that results in the lottery acquiring assets or  
8 services and the lottery providing assets or services.

9 (2) Reimbursements received by the lottery for the  
10 cost of goods or services provided by the lottery that are  
11 less than or equal to the cost of the same goods or services  
12 provided by the lottery.

13 (d) Reimbursements received in excess of the cost of  
14 the same goods and services provided by the lottery, as  
15 specified in paragraph (2) of subdivision (c), are not a  
16 part of the 35 34 percent of total annual revenues  
17 required to be allocated for the benefit of public  
18 education, as specified in paragraph (2) of subdivision  
19 (a). However, this amount shall be allocated for the  
20 benefit of public education as specified in Section 8880.5.

21 ~~SEC. 2. The Legislature finds and declares that this~~  
22 ~~act furthers the purpose of the California State Lottery~~  
23 ~~Act of 1984 enacted by Proposition 37 at the November~~  
24 ~~6, 1984, general election.~~

25 *SEC. 2. Section 1 of this act amends the California*  
26 *State Lottery Act of 1984, an initiative statute, and shall*  
27 *become effective only when submitted to and approved*  
28 *by the voters.*

29 *Section 1 of this act shall be submitted to the electors*  
30 *at the next statewide election occurring at least 131 days*  
31 *after this act is adopted in the same manner as measures*  
32 *submitted to the voters by the Legislature, as provided in*  
33 *the Elections Code.*

